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In addition, I discussed with Mr. Meloon his memorandum of 4 May 1954 on legislative provisions for incentive awards. In that memo Mr. Meloon pointed out that H. R. 7774, which had been favorably reported by the House Civil Service Committee, included a provision which would authorize Civil Service Commission inspection and review of the operation of Agency incentive awards plans, whereas Sen. Carlson's fringe benefits bill did not contain the inspection provision. Mr. Meloon had requested that we seek exemption for CIA if the

legislation required Commission inspection. I explained to him that no one could tell at this moment which of the two provisions on incentive awards would be included, but that under any conditions I would be reluctant at this time to seek an exemption for CIA. I stated that we felt that this was quite a different situation from the Performance Rating Act proposal which involved appeals and work samples, whereas in the incentive awards program only the operation of the program itself was in question and that this could be accomplished with virtually no classified information exposed. Mr. Meloon has asked me to watch this provision carefully to make certain that if an inspection provision comes in it is limited to the plan and its operation and will not give the Commission an opportunity to get into classified or sensitive matters.

7 June '54

H. Civil Service